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IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Iowa Hospital Association Education Center
September 8, 2004**

BOARD MEMBERS PRESENT

Kay Anderson, Vice Chair
Carmela Brown, Treasurer
Steve Adams

Roger Caudron
Douglas Walter
Dick Wright

STAFF MEMBERS PRESENT

Michael Tramontina, Executive Director
Jennifer Amodeo, Secretary
Lori Beary, Community Development Finance
Officer
Roger Brown, Director of HUD Programs,
Section 8 Contract Administration
Mickey Carlson – Single Family Program
Manager
Donna Davis, Deputy Director, Director of
Housing Programs
Monica Fischer, Public Information Officer
Alyson Fleming, Administrative Assistant
Steven Harvey, Comptroller
Rachel Hoffman, Purchasing Agent
Craig Johnson, Financial Analyst/Underwriter
Karen Klinkefus, Financial Officer
Linda Mahoney, Administrative Assistant

Tim Morlan, Underwriter
Cinda Motis, Administrative Assistant
Sharon Murphy, Housing Specialist
HAF/HIRE
Julie Noland, Director of Administrative Services
Loyd Ogle, Director, Title Guaranty Division
Judy Peterson, Administrative Assistant
Carla Pope, Service Enriched Housing Director
Tracy Scebold, Housing Allocation Manager
Robert Skelley, Administrative Assistant
Karen Stanton, Administrative Assistant
Tim Waddell, Tax Credit Manager
Nancy Wallis, Administrative Assistant
Christine Wetzler, Personnel Assistant
Matt White, Deputy Director, Title Guaranty
Division
Vicky Winter, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Bob Burns – Burns & Burns, L.C.
Al Collet – IDED
Jim Conlin – Conlin Properties
Kim Danos – Youth Policy Institute of Iowa
Joni DeVries – Wells Fargo Bank Iowa, NA

Nicole Jones – State Treasurer's Office
Sheila Lumley – Polk County Housing Trust
Fund
Holli Noble - DHS
Kristin Saddoris – Conlin Properties

CALL TO ORDER

Vice Chair Anderson called to order the September 8, 2004 meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:08 a.m. Roll call was taken and a quorum was established with the following members present: Anderson, Brown, Caudron, Walter and Wright.

REVIEW AND APPROVAL OF MINUTES

August 4, 2004 - Board Meeting

Vice Chair Anderson introduced the minutes of the August 4, 2004 meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Mr. Walter and a second by Ms. Brown, the Board unanimously approved the minutes of the August 4, 2004 meeting.

ADMINISTRATION/MANAGEMENT REPORT

Year of Service Awards for Staff

Vice Chair Anderson and Mr. Tramontina presented the Years of Service Awards for Staff. Those receiving certificates for five years of service were Ms. Rachel Hoffman, Ms. Linda Mahoney, Ms. Karen Stanton, and Ms. Christine Wetzler. In addition, Ms. Cinda Motis, Ms. Sharon Murphy, Ms. Judy Peterson, and Mr. Robert Skelley received certificates for ten years of service. Ms. Julie Noland received a certificate celebrating her fifteen years of service to the Authority.

Mr. Adams arrived at 11:15 a.m.

Summary & Overview

Mr. Tramontina announced that Mr. Ogle, who recently assumed the position of acting director for the Title Guaranty Division in the absence of Mr. Dennis Dietz, will assume the position of Director for the Division. He said Mr. Dietz is expected to return to the Authority in the next month and will assume the position vacated by Mr. Ogle as Director of Policy and Governmental Affairs.

Mr. Tramontina referred to the handout distributed to the Board of the Fitch State Ratings Report and stated the Authority is ranked the 47th largest Housing Finance Agency in the nation. He also referred to the handout distributed to the Board which referred to the Issuer Credit Rating of AA- by Standard and Poors.

Proposed FY 2005 Performance Plan

Mr. Tramontina referred to the handout included in the Board materials and explained the information contained in the performance plan is tied to the Authority's budget and is consistent with the Strategic Plan and the Capital Adequacy Study. He stated the Board will be provided with a quarterly update and will also receive an update with the FY06 budget.

Administrative Services Report

Ms. Noland referred to the handout included in the Board materials.

LEGAL / REGULATORY

In the absence of Mr. James Smith, Ms. Donna Davis made the Legal/Regulatory report to the Board.

Final Action Re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan

Ms. Davis introduced the Resolution approving the final action re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan (QAP). She requested Mr. Tim Waddell discuss the proposed changes made to the QAP as a result of the public hearing on August 24, 2004. Mr. Waddell referred to the staff recommendations made to the Board as a result of the public hearing.

A general discussion followed regarding the staff recommendations.

Mr. Waddell referred to the MSA unit cap for each central MSA county of 96 units and 48 units for any one county located in the MSA. He stated the MSA unit cap for Polk County is 144 units.

Mr. Caudron inquired as to the proposed recommendation regarding the Metropolitan Statistical Areas (MSA) and unit cap of 96 units for each MSA and 48 units for any one county located in the MSA.

Mr. Tramontina referred to the ten counties which have been absorbed as part of a larger MSA, including Bremer, Grundy, Cedar, Benton, Guthrie, Harrison, Mills, Madison, and Washington. He said Woodbury county is now included as part of a Nebraska MSA.

Mr. Caudron inquired as to the hypothetical scenario of the 700 units available for the entire state and an award of units made to the more populated areas of the state.

Mr. Tramontina stated the likelihood the counties included in each MSA might result in more applications from that MSA is not a major factor.

Ms. Brown stated the language contained in the QAP is flexible.

Mr. Adams pointed out the QAP is revised each year.

MOTION: Mr. Caudron made a motion to amend the selection criteria to an additional 48 units for all other counties combined within the MSA beyond the award of units to the central county. The unit cap for the central county will remain the same. On a second by Mr. Walter, the Board unanimously approved the motion to amend the selection criteria of the 2005 QAP.

Mr. Tramontina requested Ms. Winter re-read the motion made for the record.

A general discussion followed. Mr. Waddell stated there will be no staff recommendation made for the developer cap issue, however an advisory group will be formed prior to the development of the 2006 QAP.

MOTION: Mr. Caudron made a motion to approve the Final Action Re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan as amended by the previous motion. On a second by Mr. Adams, the Board unanimously approved the Final Action Re: 265 IAC Chapter 12, 2005 Qualified Allocation Plan as amended to include the revised selection criteria.

Final Action Re: 265 IAC Chapter 20; Senior Living Revolving Loan Program

Ms. Carla Pope gave a brief report on the summary of comments made on the program at the public hearing held on August 24, 2004.

MOTION: Mr. Wright made a motion to approve the Final Action Re: 265 IAC Chapter 20; Senior Living Revolving Loan Program. On a second by Ms. Brown, the Board unanimously approved the Final Action Re: 265 IAC Chapter 20; Senior Living Revolving Loan Program.

Final Action Re: 265 IAC Chapter 21; Home and Community Based Services

Ms. Pope gave a brief report on the summary of comments made on the program at the public hearing held on August 24, 2004.

MOTION: Ms. Brown made a motion to approve the Final Action Re: 265 IAC Chapter 21; Home and Community Based Services Revolving Loan Program. On a second by Mr. Adams, the Board unanimously approved the Final Action Re: 265 IAC Chapter 21; Home and Community Based Services.

FINANCE AND ACCOUNTING

In the absence of Mr. Bret Mills, Mr. Steven Harvey made the Finance and Accounting report to the Board.

Finance Update

Mr. Harvey referred to the documents included in the Board materials. He said the Authority is within the operating budget for the month of July. Mr. Harvey referred to several changes that will be made to the presentation of the financials. He explained previously when assets were transferred between funds, the transfers went through the equity section of the balance sheet and now the transfer will appear as income to the fund that is receiving the transfer and as an expense to the fund that is providing the asset. Mr. Harvey said the fair market value adjustment will now appear at the bottom of the income statement as other income.

Mr. Harvey stated a Single Family endowment has been created in anticipation of another bond issue.

A general discussion followed on the Board's preference for receiving the financial information on a quarterly basis.

Ms. Brown inquired as to the explanation of a variance.

Mr. Harvey stated an explanation will be included for any reported variance.

Mr. Caudron requested the summary pages reflect the reporting of the whole number, rather than omitting the last three decimal places.

Ms. Brown expressed her approval of the presentation of the performance plan on a quarterly basis in conjunction with the budget.

MOTION: Mr. Caudron made a motion to approve the Authority's July financials. On a second by Mr. Adams, the Board unanimously approved the Authority's July financials.

Vice Chair Anderson recessed the meeting at 1:00 p.m. and reconvened the meeting at 1:12 p.m.

COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM

Economic Development Loan Program

ED. Loan #04-07, Friendship Haven, Inc. Project

Ms. Beary stated this is an application for \$26,000,000 of Iowa Finance Authority Retirement Community Revenue Bonds for Friendship Haven in Fort Dodge. She said Friendship Haven owns and operates a continuing care retirement community consisting of 52 independent living townhomes, 168 supportive living apartments and 155 licensed nursing beds. Ms. Beary stated the bonds will be used to construct 56 independent living apartments, 48 assisted living apartments and a fitness center. She said Friendship Haven is a 501 c (3) organization and the project will not require Private Activity Bond Cap.

RESOLUTION #04-07A

MOTION: Mr. Caudron made a motion to approve the application for Iowa Finance Authority Retirement Community Revenue Bonds (Friendship Haven Inc. Project) Series 2004 for Friendship Haven Inc. and evidencing the intent to proceed with the issuance of \$26,000,000 Retirement Community Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved Resolution #04-07A.

ED. Loan #04-08 through 04-19

Ms. Beary introduced the applications for Iowa Finance Authority Multifamily Revenue Bonds totaling \$15,983,854. She said these projects are all existing Section 8 properties currently held by Klinger Properties. Ms. Beary stated Lew Weinberg and Sioux Falls Environmental Access, Inc. are planning on purchasing and rehabilitating them. She said there are 470 elderly units and 128 family units for a total of 598 units. Ms. Beary stated these projects will require Private Activity Bond Cap.

Ms. Beary explained that each project is a separate Limited Partnership and has a separate application and resolution. She stated it was the opinion of both Issuer's Counsel and General Counsel that the Board could adopt all of the resolutions with one motion.

Resolution #04-08A through 04-19A

MOTION: Mr. Caudron made a motion to approve the applications for Iowa Finance Authority Multifamily Revenue Bonds totaling \$15,983,854 (Century II Partners, LP, Floyd Valley Partners, LP, Kingston Partners, LP, Lakeland Partners, LP, Meadow Lane Partners, LP, Morning Hill Partners, LP, Ridgewood Partners, LP, Rosewood Heights Partners, LP, Somerset Partners, LP, Southview Partners, LP, West Park Partners, LP, and Woodland Partners, LP Projects) series 2004 and evidencing the intent to proceed with the issuance of \$15,983,854 Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved Resolutions #04-08 through #04-19A.

Mr. Wright inquired as to whether any of the projects may have been low income housing tax credit projects.

Mr. Tramontina stated several of the projects were Section 8 housing projects that have opted out of the program and are now market rate units.

State Revolving Fund Update

Mr. Beary stated progress continues on the memorandum of understanding (MOU) with the Department of Natural Resources (DNR).

HOUSING PROGRAMS

Single Family

Single Family Status Delinquency, and Activity Reports

Ms. Davis referred to the written summary included in the Board materials. She stated the Request for Proposals (RFP) for the Master Servicer are due next week.

Multifamily

Multifamily Preservation

Ms. Davis referred to the written summary included in the Board materials.

Section 8 Contract Administration

Ms. Davis referred to the written summary included in the Board materials.

Resolution Re: DHS Aftercare Rent Subsidy Agreement

Ms. Pope introduced the Resolution Re: DHS Aftercare Rent Subsidy Agreement. She stated the proposal is to provide rental assistance to young adults ages 18 to 21 who have aged out of the foster care network. Ms. Pope introduced Ms. Holli Noble of the Department of Human Services and Ms. Kim Danos of the Youth Policy Institute of Iowa. She stated a federal grant is coming to a close in the amount of \$100,000 that the DHS is required to spend before December 2004, otherwise the funds will be returned to the Federal government. Ms. Pope said an agreement was reached that would allow the transfer of the funds from the Federal grant to the

Authority to fund the rent subsidy program with rules and implementation of the program to begin in January of 2005. She said it is hoped that additional funds will be made available for the program in the future.

Ms. Noble briefly explained the life situation of many of the participants of the program. She said all states receive a federal appropriation specifically for this population that is to be used to prevent homelessness.

Ms. Kim Danos of the Youth Policy Institute of Iowa briefly explained the participants in this program are youth who have been adjudicated in the juvenile court system and are not considered delinquents but those who were not reunited with their family of origin. She said a specific number of visits with each participant's case worker is required each month.

Mr. Wright inquired as to the administration fees of the program.

Mr. Tramontina stated initially the Authority is subsidizing the program with staff and administration of the program. He said the awareness has been raised as to the necessity of safe and stable housing for this population.

Ms. Brown inquired as to the preference of the DHS in approaching the Authority for the housing portion of the program and whether or not the urgency in moving the funds is solely due to those funds possibly being returned to the Federal government in the event the funds are not utilized by the DHS.

Ms. Noble stated recently a new appropriation was made at the Federal level for this population that would assist with post secondary training or education. She said the need for stable housing is essential for this population in their transition from foster care to young adulthood.

Mr. Tramontina stated the funds will be transferred from the DHS to the Authority by September 30, 2004.

Ms. Brown stated she would like to see a communication to both U.S. Senators that would request the Federal government discontinue the practice of requiring funds to be returned to the federal government in the event the funds are not utilized for their intended purpose by the state.

Ms. Pope stated a note was sent to both state senators notifying them of the implementation of the program.

MOTION: Mr. Wright made a motion to approve the Resolution Re: DHS Aftercare Rent Subsidy Agreement. On a second by Mr. Adams, the Board unanimously approved the Resolution Re: DHS Aftercare Rent Subsidy Agreement.

Grants

Resolution Re: Capacity Building Grants for Eligible Entities to Organize a Local Housing Trust Fund (LHTF)

Ms. Davis introduced the Resolution Re: Capacity Building Grants for Eligible Entities to Organize Local Housing Trust Fund (LHTF). She said the resolution would authorize the award of funds in the amount of \$25,000 each to Dallas County and Tri-County Housing Trust to assist in organizing a local housing trust fund. She referred to the handout included in the Board materials.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Capacity Building Grants for Eligible Entities to Organize a Local Housing Trust Fund (LHTF). Mr. Adams stated he would abstain from voting on the resolution due to his relationship with a co-worker who assisted in the writing of the housing trust fund application. On a second by Mr. Walter, a vote was taken with the following results: YES: Anderson, Brown, Caudron, Walter and Wright: NO – None. ABSTAIN: Adams, who stated a conflict of interest based on the involvement of his employer and a co-worker's assistance with the writing of the housing trust fund application. On a majority vote the Board approved the Resolution Re: Capacity Building Grants for Eligible Entities to Organize a Local Housing Trust Fund (LHTF) with the award of \$25,000 to each Dallas county and Tri-County Housing Trust.

Mr. Tramontina stated the credit for the work with Dallas county belongs to Mr. Ogle for his work with their Board of Supervisors and the mayors of the communities in Dallas county.

TITLE GUARANTY DIVISION (TGD)

Transfer of Funds to Housing Programs

Mr. Ogle announced the Title Guaranty Board of Directors approved a transfer of \$749,000 to the Authority's housing programs.

MOTION: Mr. Adams made a motion to approve the transfer of \$749,000 to the Authority's Housing Programs. On a second by Mr. Caudron, the Board unanimously approved the transfer of \$749,000 to the Authority's Housing Programs.

POLICY / LEGISLATION

Mr. Ogle referred to the handout included in the Board materials.

COMMUNICATIONS

Resolution Approving FirstHome Co-op Advertising

Ms. Fischer introduced the resolution on the FirstHome Cooperative Advertising Program. She said the resolution provides for an amount of up to \$38,000 for the advertising program. She explained the Authority solicited proposals from all FirstHome participating lenders for cooperative advertising activities where the Authority and the lender share the cost of promoting FirstHome. Ms. Fischer referred to the spreadsheet included in the Board materials which summarized the submitted proposals.

MOTION: Mr. Caudron made a motion to approve the resolution approving FirstHome cooperative advertising in an amount up to \$38,000. On a second by Mr. Adams, the Board

unanimously approved the resolution.

Ms. Fischer stated she nominated the communities of Jesup and Charles City for the Iowa Shines Award. She said this is a new initiative from the Governor and lieutenant Governor to recognize small communities that have completed innovative and successful projects. Ms. Fischer stated the community of Jesup completed a Help Iowa's Rural Economy (HIRE) project and the community of Charles City recently completed a Rural Home Building Initiative (RHBI) project.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Vice Chair Anderson opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Bob Burns spoke to the Board at length on the 2005 Qualified Allocation Plan.

Mr. Adams gave a report on the recent NCSHB Educational and Development Workshop held in Whitefield, New Hampshire, August 8 through August 10, 2004. He stated he enjoyed the opportunity to attend and network with other board members from various state housing finance authorities.

Next Month

The next regular meeting will be held at 9:30 a.m. at Central Place (formerly known as the BEH Building) located at 629 Central Avenue, Fort Dodge, Iowa.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Mr. Adams, the September meeting of the Iowa Finance Authority Board of Directors adjourned at 2:44 p.m.

Dated this 6th day of October, 2004.

Respectfully submitted:

Approved as to form:

Michael L. Tramontina
Executive Director
Iowa Finance Authority

Vincent Lintz, Vice Chair
Iowa Finance Authority